

107TH CONGRESS
2D SESSION

S. 4

To amend the Internal Revenue Code of 1986 to treat earnings on contributions to tax-deferred savings accounts as gain from the sale or exchange of a capital asset.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 19, 2002

Mr. GRAMM introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to treat earnings on contributions to tax-deferred savings accounts as gain from the sale or exchange of a capital asset.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TREATMENT OF EARNINGS ON CONTRIBU-**
4 **TIONS TO TAX-DEFERRED SAVINGS AC-**
5 **COUNTS.**

6 (a) IN GENERAL.—Part IV of subchapter P of chap-
7 ter 1 of the Internal Revenue Code of 1986 (relating to
8 special rules for determining capital gains and losses) is
9 amended by adding at the end the following new section:

1 **“SEC. 1261. EARNINGS ON CONTRIBUTIONS TO TAX-DE-**
 2 **FERRED SAVINGS ACCOUNTS.**

3 “(a) IN GENERAL.—For purposes of this subtitle, net
 4 income allocable to any contribution to a plan which is
 5 includible in gross income under section 72 shall be treat-
 6 ed as gain from the sale or exchange of a capital asset.

7 “(b) PLAN.—For purposes of this section, the term
 8 ‘plan’ has the meaning given such term by section
 9 4975(e)(1).”.

10 (b) CLERICAL AMENDMENT.—The table of sections
 11 for part IV of subchapter P of chapter 1 of such Code
 12 is amended by adding after the item relating to section
 13 1260 the following new item:

“Sec. 1261. Earnings on contributions to tax-deferred savings ac-
 counts.”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to amounts received in taxable
 16 years beginning after the date of the enactment of this
 17 Act.

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